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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

WEB SITE: <http://commerce.senate.gov>

July 28, 2011

Mr. Richard H. Anderson
Chief Executive Officer
Delta Air Lines, Inc.
1030 Delta Boulevard
Atlanta, Georgia 30354

Dear Mr. Anderson,

The federal government's authority to collect aviation excise taxes expired on July 22, 2011. According to media reports, many airlines have chosen not to share the savings generated by this temporary tax holiday with their customers. Instead, they increased ticket prices to match the pre-expiration fare levels and are pocketing the difference. A financial analyst recently estimated that the airlines are earning \$25 million a day in extra revenues due to these opportunistic airfare increases.¹ We are writing to confirm whether your company is one of the airlines generating profits by exploiting its own customers. Like the "ancillary fees" that many airlines now charge for blankets, checked luggage, priority seating, and itinerary changes, this recent fare increase has further damaged the industry's relationship with airline passengers.

On Monday, July 26, 2011, Senator Maria Cantwell and I wrote a letter to the CEO of the Air Transport Association (ATA) expressing our frustration that the aviation industry is taking advantage of the tax expiration to pad profits. ATA President Nicholas Calio sent us a response letter on July 27, 2011. In the letter, Mr. Calio explained that ATA could not respond to questions about why particular air carriers made the business decision to raise their fees rather than pass the tax savings on to their customers.

We are therefore writing directly to Delta Air Lines and other airlines to understand why the industry is engaged in this conduct and to learn how much money is being taken from air travelers on a daily basis. Please provide responses to the following requests by Wednesday, August 3, 2011.

1. For passengers who purchased flights before July 22, 2011, for air travel after July 22, 2011, what is Delta Air Lines doing with the taxes it collected for remittance to the federal government? If Delta Air Lines is not remitting these taxes to the federal government, does it intend to refund its customers?
2. When did Delta Air Lines stop collecting taxes for remittance to the federal government? Did Delta Air Lines inadvertently collect any taxes following the expiration of the federal

¹ *Some Flyers May Not See Savings from Expiring Taxes*, Associated Press (July 26, 2011).

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government's authority to collect taxes? If so, what is Delta Air Lines' plan for providing refunds to its customers?

3. In Delta Air Lines' communications with its customers, including receipts or bills for airline tickets, what steps has it taken to ensure its customers understand that the total dollar amount they are charged for tickets does not include federal taxes? Provide samples of any such communications.
4. Did Delta Air Lines increase the price of its fares following expiration of the federal government's authority to collect taxes on July 22, 2011? If so, provide responses to the requests below and any documents and communications that explain why your company decided to increase the price of its fares following expiration of the federal government's authority to collect taxes on July 22, 2011.
5. Who at Delta Air Lines made the decision to increase the company's fares following expiration of the federal government's authority to collect taxes on July 22, 2011?
6. Following expiration of the federal government's authority to collect aviation excise taxes on July 22, 2011, by what percentage did your company raise your airfare prices?
7. How much additional revenue is this fare increase generating for Delta Air Lines on a daily basis?
8. How much revenue in total has Delta Air Lines generated as a result of its decision to increase the price of its fares following expiration of the federal government's authority to collect taxes on July 22, 2011?
9. Does Delta Air Lines intend to drop its fare increase once the federal government's authority to collect taxes is reinstated?

The Committee is requesting this information under the authority of Senate Rules XXV and XXVI. An attachment to this letter explains how to respond to the Committee's request. If you have any questions, please contact Erik Jones or John Williams with the Committee staff at (202) 224-1300.

Sincerely,



John D. Rockefeller IV
Chairman
Senate Committee on Commerce, Science,
and Transportation



Maria Cantwell
Chairwoman
Subcommittee on Aviation
Operations, Safety, and Security

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Enclosure

cc: Kay Bailey Hutchison
Ranking Member